

A STUDY OF IRISH SERVICE SMEs, CONCERNING QUALITY MANAGEMENT PROGRAMMES

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Abstract: *This paper focuses on attitudes toward quality programmes within small to medium Irish service businesses. In addition, the level of quality programme implementation is established and perceived benefits of and impediments to implementation are uncovered. The findings indicated that positive attitudes toward quality models were not widespread amongst respondents; however attitudes were more positive amongst those who had implemented a quality model previously. Awareness and adoption levels of quality models are somewhat low. Encouragingly, perceived benefits related to implementation of a quality model appear to increase upon implementation, while the existence of perceived impediments decreases. This indicates a need for concentrated promotion of the benefits of quality models for small business, in order to improve attitudes and increase adoption levels within small to medium enterprises (SMEs).*

Keywords: SMEs, Services; Quality Models.

1. Introduction

The evolution of the business environment over the past four decades has resulted in a need for improvements in business practices (Anderson and Mc Adam, 2004: 465). However, Dale et al. (2001: 241-248) surmise that although more emphasis has been placed on quality management over the last twenty years, some companies have not addressed their quality management issues. Quality management is an essential element of the successful strategic management of service firms (Robledo, 2001, p. 22), yet research into quality practices within SMEs is limited (Husband and Mandal, 1999, p. 701; MacLaran and McGowan, 1999: 41). As Ireland is particularly dependent on SMEs quality management within SMEs has become a burning issue. However most quality management programmes are derived from studies on larger firms (Boon and Ram, 1998: 20) and do not offer maximum customer service at a minimal cost for small business (Mc Adam and Mc Enroe, 2004: 171-172). Moreover as owner/managers play a pivotal multi-functional role within the business they may not be in a position to commence new quality management programmes (Wilkes and Dale, 1998: 731) as their time is limited.

2. The challenges of quality models for SMEs

It has been suggested that implementation levels of quality programmes within small businesses are blurred as quality practices have been adopted in some firms but the volume who have adopted formal programmes is lower than in large firms. This is often because quality is treated as a separate ingredient of small business and not an issue which is embedded in all business activities. In addition, as most quality programmes are based on larger firms they do not support small business characteristics (Husband and Mandal, 1999, p. 701). Ghobadain and Gaellar (1997, pp. 143-144) concur with this viewpoint and found that the management philosophies of large firms may not inevitably be suitable for SMEs; while the elementary concepts are homogeneously appropriate, the elements and execution may vary in smaller firms. While most of the quality management literature originates from manufacturing industry those theories are just as appropriate for services (Gupta, McDaniel and Herath, 2005, p. 492). The widespread appreciation of Total Quality Management (TQM) theory for strategic purposes by companies irrespective of their size or industry has caused extensive changes in the global economy (Soltani, 2005, p. 797). This has resulted in small businesses having to adapt to the requirements of TQM in the same way as large organisations do.

Recommendations for successful TQM implementation include providing clear direction and recognition for employees, an effective communication system, a progressive training programme and realistic targets (Ghobadain and Gaellar, 1997, pp. 143-144). Steps for success include the commitment of all employees with regard to quality work, customer satisfaction and improving quality, keeping quality at the centre of every activity (including that with suppliers), and making customer satisfaction and quality a priority (Talha, 2004, p. 18).

The ISO series is applicable for all organisations, large and small, manufacturing or services (Heuvel *et al.*, 2005, p. 362), and it tends to be the more applicable quality management programme for small businesses (Boon and Ram, 1998, p. 23). Motivations for seeking accreditation will significantly influence the success of small businesses efforts in this area. It is important that motivations are customer centred as accreditation then becomes a vehicle for obtaining competitive advantage (Brown, van der Wiele and Loughton, 1998, pp. 276-280). It is not a given that small organisations who are ISO certified can make the transition easily to other programmes such as the EFQM; small businesses need to ensure that the basics are in place before looking to progress to another quality programme (Dale, 2002, p. 30). Benefits of accreditation include improvements in productivity and staff motivation; however it was found that it did not aid an organisation's ability to remain in business (Brown, van der Wiele and Loughton, 1998, pp. 273-285). Mo and Chan (1997, p. 135) identify the benefits as being reductions in waste, downtime and labour inefficiencies. Chittenden, Poutziouris and Mukhtar (1998, p. 81), however, found that the most highly rated benefits of ISO 'relate to marketing and competitive issues rather

than internal operating efficiency'. Quality management is an important matter for small business as successful management can lead to competitive advantage for the firm (Mc Adam and Fulton, 2002, p. 345). Anderson and Sohal (1999, p. 867) believe the long term benefits of implementation for a small business prevail over the initial costs allied with its implementation. The importance of employee commitment and a positive reason for seeking accreditation must not be underestimated as important criteria for success (Brown, van der Wiele and Loughton, 1998, pp. 276-280; Mo and Chan, 1997, p. 138). ISO9000 can be seen as a starting point for TQM, the latter being more beneficial for small businesses (McAdam and McKeon, 1999, p. 240). Chittenden *et al.*'s (1998, pp. 82-83) research suggests that the ISO standard should be modified for small business and proffers suggestions such as the inclusion of customer feedback and adherence to other quality standards in the assessment and registration process.

3. Research methodology

This study represents one facet of a large scale study investigating quality practices within Irish service SMEs. This research reported here focuses on quality model implementation within Irish service SMEs. The objectives of this phase of the research were:

1. To determine awareness of, and attitudes towards, existing quality models.
2. To identify the levels of adoption of quality management models.
3. To identify the perceived benefits and limitations of current quality models.

A structured survey was conducted among a representative sample of SMEs in the service sector in Ireland. Mail surveys continue to remain a popular data collection method for primary researchers in the quality area (Svensson, 2004, p. 280; Lagrosen and Lagrosen, 2003, p. 373; Gustafsson, Nilsson and Johnson, 2003, p. 234; Soltani *et al.*, 2004, p. 405) and were employed in this research. A stratified random sample was taken of owner/managers of micro, small and medium service businesses within the island of Ireland during 2005. The strata selected were:

- Company size: based on the number of employees using the European Union classification (European Union, 2003: Article 2)
- Service business types: based on the Central Statistics Office classification (Central Statistics Office, 2002, p. 6)
- Business location: proportionately representative of businesses in the four provinces of Ireland

The survey was mailed to 825 owner/managers and a response rate of 240 (29%) was achieved before the cut-off date. A sample size of 200 was the minimum desired as this size has been used for many studies of services and quality (Parasuraman, Zeithmal and Berry, 1988, pp. 18-22; Akan, 1995, p. 40; Waller and Ahire, 1996, p. 26; Lagrosen and Lagrosen, 2003, p. 373; Blodgett *et al.*, 1995, p. 37;

Douglas and Connor, 2003, p. 168) and this sample size ‘compares well’ with others (Quester and Romaniuk, 1997, p. 183).

4. Findings

Awareness and Perceived Relevance of Quality Models

Prompted awareness of established quality models seemed low, with an average awareness of 40%. The models which respondents were most aware of were the ISO 9000 series and benchmarking, identified by 70% and 55% of respondents respectively. In addition, the two models which respondents felt were most relevant for small business were the ISO 9000 series and benchmarking (47% and 21% respectively). As figure 1 shows the perceived relevance of the named quality models was approximately 20% lower than awareness.

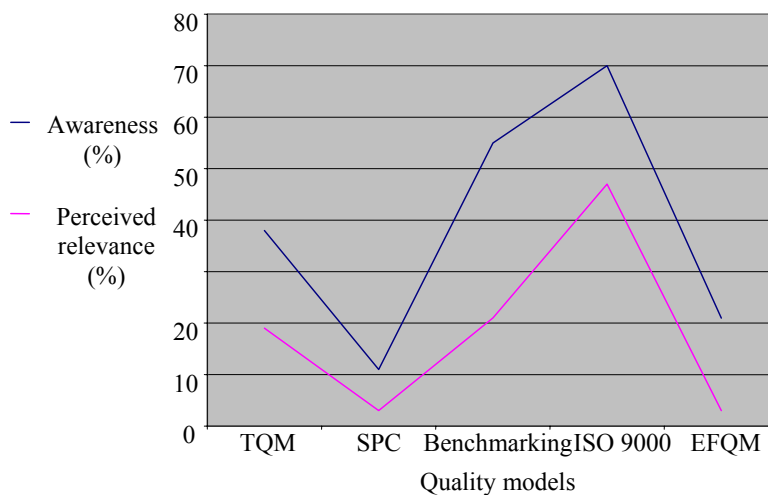


Figure 1. Awareness and perceived relevance of quality models

Implementation Levels

In Anderson and Sohal's (1999, p. 873) study of quality management and small business, 43% of respondents had previously implemented a third party quality model and 32% had indicated an intention to do so. In this research, implementation levels were lower; just under one quarter (24%) had previously implemented a quality model and 30% of respondents intended on doing so in the future. This somewhat

lower figure is to some extent ameliorated by the fact that a further 23% of respondents were currently in the process of implementing a quality model.

Perceived Benefits and Applicability of Quality Models

Respondents were not convinced of the validity of quality models. Just over half (53%) of all respondents felt quality models were beneficial for small business while 45% felt that they were applicable for (their) small business. Of the respondents who described previous implementation of quality models, 65% (or just over half of all respondents) felt quality models were beneficial for small business. Fewer again, 59%, (or just under half of all respondents) felt quality models were relevant for (their) small business. Attitudes toward quality models differed somewhat between those who had implemented a quality model before and those who had not (see Table 1). These statistically significant findings indicated that those who had previously implemented a quality model had experienced positive benefits.

Table 1
An analysis of the effect of implementation on attitudes towards quality models

	Have implemented a quality model	Have not implemented a quality model
Quality models are beneficial	84%	58%
Quality models are applicable	88%	47%

Responsibility for Quality

Employees and managers alike are responsible for quality (Oakland, 1995, pp. 40-42). The findings in this study show that this was not always the case for SMEs. Of those who had previously implemented a quality model, 47.3% found that everyone within their company was responsible for quality, while of those who had not implemented a quality model 40.4% felt everyone was responsible for quality. Ideally both figures should be higher, as was the case in a previous study of TQM-driven organisations where it was found that 72% of respondents felt that both managers and employees were responsible for quality (Soltani *et al.*, 2004, p. 407).

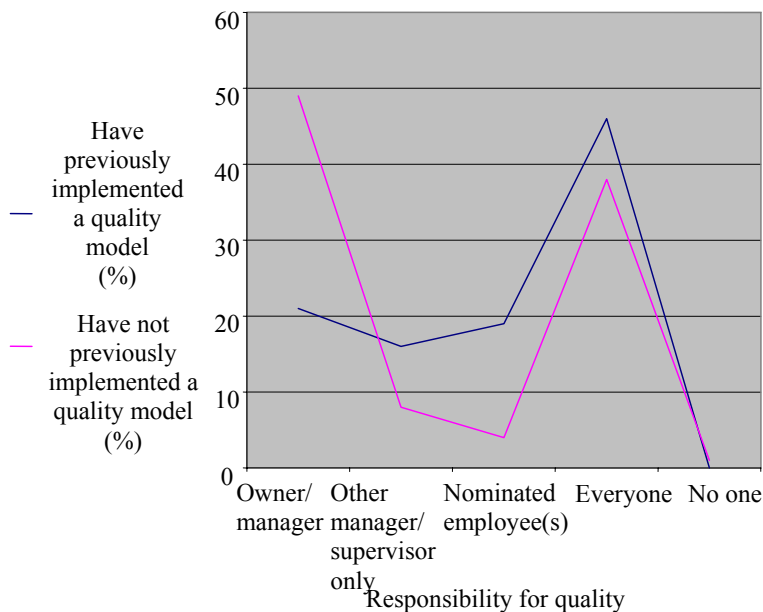


Figure 2. Impact of previous quality model implementation on responsibility for quality

Notably, the number of respondents who stated that they themselves were solely responsible for quality within the company was much lower (at 18.2%) in the category of those who had implemented a quality model compared to the 46.8% of owner/managers who were solely responsible for quality in companies who had not previously implemented a quality model. This implies that after embarking on a quality accreditation process, awareness of the responsibility for quality throughout the company was raised (see Figure 2).

Impediments to and Expected Benefits of Implementation

In this research, the two factors which act as large disincentives to implementation were time and loss of manpower, highlighted by 55% and 46% of respondents respectively. The time constraint concurs with Wilkes and Dale's (1998, p. 731) findings and many authors' descriptions of small business limitations (Stokes, 1992, p. 86; Husband and Mandal, 1999, p. 702). These findings are slightly different to findings from other research including Brown van der Wiele and Loughton (1998, pp. 276-280) and Mo and Chan (1997, pp. 138-141) whose studies of ISO 9000 implementation found that the high cost of accreditation and the amount of paperwork were the two main impediments. This research shows that time was rated as the main impediment; manpower was the second largest difficulty while cost was rated third.

Figure 3 displays how perceived impediments decreased upon implementation of a quality model, indicating that these perceived impediments may not be completely substantiated. In this study perceptions of impediments were approximately 15% lower among those who had previously implemented a quality model.

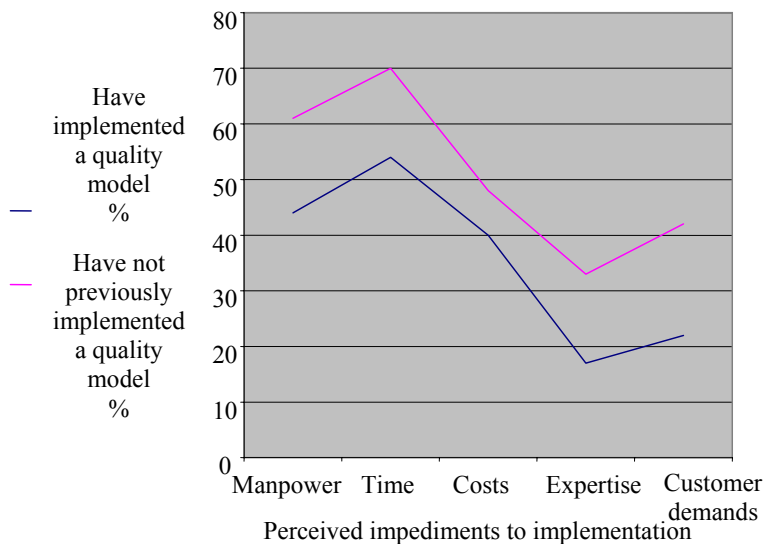


Figure 3. Impact of previous quality model implementation on perceived impediments to quality model implementation

A previous study of the benefits of ISO implementation for small business (Brown van der Wiele and Loughton, 1998, p. 280) ranked increased customer service as the third most experienced benefit. In this study respondents were asked what benefits they would expect to see upon implementation of a quality model; increased customer service was the benefit which received the highest rating of 66%. Additionally, 31% of respondents rated time savings as an expected benefit, while decreased wastage was the third most expected benefit. These findings also differ slightly from other research such as that by Mo and Chan (1997, p. 135) who found that benefits included a reduction of waste, downtime and labour inefficiencies. In Chittenden *et al.*'s (1998, p. 81) research the most highly rated benefits of ISO related to 'marketing and competitive issues rather than internal operating efficiency'; this compliments the primary expected benefit of increased customer service reported in this study. On average, expectations of the benefits of implementation were 18% higher among owner/managers who had previously implemented a quality model (see Figure 4), which would seem to indicate that those who have implemented a quality model have had a positive experience. Expectations of benefits were particularly evident in the areas of decreased wastage and increased customer service. This concurs

with Escrig-Tena's (2004, p. 612) research on TQM leading to improvements in performance and competitiveness and Longenecker and Scazzero's (1996, p. 60) study, which found that 'quality had improved since implementing TQM' for 84% of respondents.

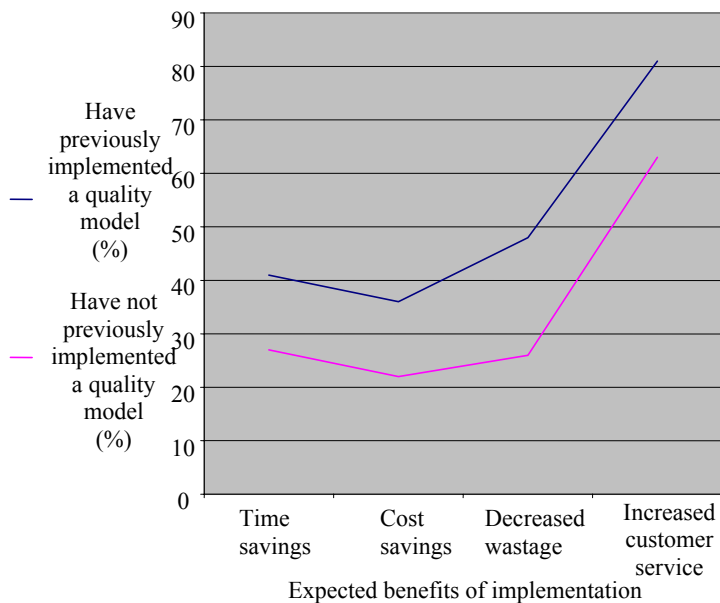


Figure 4. Impact of previous quality model implementation on expected benefits of implementation

5. Conclusion

This research suggests that there is a positive association between previous implementation of a quality model across some factors including the spread of responsibility for quality throughout the company. In addition, previous implementation positively affected attitudes toward quality models. Overall, however implementation levels of quality models were somewhat low.

Within this overall study additional research goes on to assess the execution of quality practices, in particular those identified in Zeithaml *et al.*'s (1985, pp. 51-128) GAPs model. Further research opportunities exist in the area of small business service quality. Such opportunities include intensive in-depth research into the reasons why adoption levels of quality programmes are low amongst small businesses. This research focused on quality practices and the frequency with which such activities were carried out; additional research into the reasons why quality practices are not

implemented could uncover additional impediments which were not unearthed in this research.

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